

**Achievement of Market-Friendly Initiatives and Results Program
(AMIR 2.0 Program)**

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***A Policy Framework for Jordan's Accession to the
WTO Government Procurement Agreement***

Final Report

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Acronyms

| | |
|----------|---|
| AMIR | Access to Microfinance and Improved Implementation of Policy Reform Program |
| CNS | Computer Networking Services |
| ERP | Effective rate of protection |
| EU | European Union |
| FTA | Free trade agreement |
| GATT | General Agreement on Tariffs and Trade |
| GDP | Gross domestic product |
| GOJ | Government of Jordan |
| GPA | Government Procurement Agreement |
| GSD | General Supplies Department |
| GTD | Government Tenders Directorate |
| HS | Harmonized system |
| ISIC | International Standard Industrial Classification |
| MFN | Most-favored nation |
| MIT | Ministry of Industry and Trade |
| NRP | Nominal rate of protection |
| S&D | Special and Differentiated Treatment |
| SDR | Special drawing rights |
| TRIPS | Trade Related Aspects of Intellectual Property Rights |
| UNCITRAL | United Nations Commission on International Trade Law |
| WTO | World Trade Organization |

Executive Summary

When Jordan became a member of the WTO in April 2000 it agreed to negotiate accession to the GPA to its best efforts. Accession to the GPA involves a step-by-step process under the guidelines set forth by the WTO Government Procurement Committee. The first major step is to ensure that national legislation is consistent with WTO GPA standards. The second major step is to prepare an initial offer. Preliminary work already undertaken by Jordan includes the establishment of a procurement database and an analysis of how GPA membership could impact on key Jordanian industries. The present report summarizes the commitments made by the Jordan's National GPA Committee in its master plan for the preparation of the initial offer, it reviews the results of the impact analysis, and it provides a detailed discussion of key components in Jordan's initial offer.

The National GPA Committee has agreed to undertake three integrated phases of activities to complete the steps leading up to the submission of the initial offer in September/October of this year. Phase I consists of data compilation for the procurement database, and the preparation of a study examining the impact of Jordan's accession on selected industries. Phase II, which extends to September, focuses on the National GPA Committee's preparation of the initial offer. Phase III covers the final transmittal of the initial entity offer by the National GPA Committee and its submission to the WTO Government Procurement Committee.

These steps are essential to Jordan furthering its integration into the world economy. Jordan's membership in the GPA could have significant effects on producers and consumers (public and private), and therefore impact on the country's overall welfare. On the producer side, the potential benefits of the GPA arise from a possible export expansion brought on by increased access of Jordanian industries to the public sectors of GPA member countries, while the potential costs to those industries arise from the diversion of purchases by the Government of Jordan from domestic to foreign suppliers. Consumer benefits consist of the cost savings arising from the purchase of more competitively priced goods and services from either domestic or foreign suppliers, less the cost involved in bringing about changes needed to obtain those benefits.

Having established the potential benefits and relatively small adjustment costs to Jordan from membership in the GPA, the National GPA Committee needs to draft the preliminary entity offer for submission to the WTO Government Procurement Committee in September/October 2002. The strategy proposed for Jordan's submission should reflect a mutual recognition of the interests of the GPA parties and the development status of Jordan. As a first step, the submission should focus on the entities and services sub-sectors that are most commonly offered GPA member countries, since there is an element of reciprocity in the offers that have been made by these countries. Secondly, those services that are central to Jordan's develop priorities should be excluded. Finally, a sub-set of the services should be presented in the initial offer, with the understanding that negotiations will likely lead to the full inclusion of the sub-set or a variation thereof. An illustrative initial offer for Jordan is presented in an annex to this report.

1. Introduction

1.1 Background

The Government of Jordan (GOJ) has adopted protocols at the multilateral, regional and bilateral levels to open the Jordanian economy to competition through improvements in its trade and investment policies. In April 2000 it joined the World Trade Organization (WTO) and in 2001 it signed the U.S.-Jordan Free Trade Agreement (FTA) and the Jordan-European Union (EU) Association Agreement. Jordan is also a member of the Arab Common Market Agreement, the Arab Free Trade Area Agreement and numerous bilateral trade agreements. These arrangements and its intent to negotiate accession to the WTO Government Procurement Agreement (GPA) represent important steps towards opening its trade and investment regime and advancing its globalization process.

The GPA is a plurilateral agreement whose aim is to expand world trade by providing a framework for international competition in government procurement.¹ The value of government procurement in the industrialized countries has been estimated by various studies to range from 8 to 12 percent of their cumulative gross domestic product (GDP).² Based on preliminary estimates of the value of that GDP in 2002, government procurement currently represents anywhere from US\$1.2 to US\$1.9 trillion. Since the bulk of economic activity in the industrialized countries is subject to the WTO Government Procurement Agreement (GPA), access to that market represents a major opportunity for Jordan. At the same time, however, Jordan needs to determine whether the benefits of greater access to the public sector markets of the GPA member countries outweigh possible domestic adjustment costs associated with accession to the Agreement.

Jordan is behind schedule in presenting to the WTO Government Procurement Committee in Geneva the two basic mechanisms involved in the accession negotiations, and whose preparation proceeds in a parallel manner during the accession negotiations: (a) the so-called 'initial entity offer' for the Appendices containing the threshold value of supplies of goods and services directed to specific entities, and (b) the national legislation that is consistent with the provisions of the Agreement.³ Nonetheless, the Government of Jordan, through the Ministry of Industry and Trade (MIT) as the coordinating agency for the

¹Plurilateral agreements have a narrower scope of signatories than multilateral agreements, to which all WTO members subscribe. The Government Procurement Agreement and Agreement on Trade in Civil Aircraft are the two plurilateral agreements that are available to WTO members and were originally negotiated under the Tokyo Round.

² These figures refer to general (central, provincial and local) government for the OECD member countries, as compiled by the OECD (2002) from EC (1997, 2000); Francois *et al.* (1996); Trionfetti (2000); and Hoekman (1997).

³ Indicative procedures for accession to the GPA are contained in WTO (2001).

accession process, has taken important steps to move the process forward through a combination of technical assistance provided by international donors and internal actions.

For the initial offer list, the GOJ established with assistance from USAID/AMIR a database containing procurement information and then undertook an economic impact study of Jordan's GPA accession (AMIR, 2002a; AMIR, 2002b). The study examined the costs and benefits associated with the elimination of discriminatory procurement practices for the products produced by eight industries, which together account for nearly three-fourths of government purchases of goods. It also has implications for the entities and services that should be negotiated in the initial draft offer to the WTO Government Procurement Committee.

Jordan's initial offer needs to consider the interests of domestic industries, domestic procuring entities, and GPA member countries. The key elements of the offer are the government entities to be included, the threshold levels for the different entities, and the products and services to be covered by the Agreement. The impact assessment of the GPA on domestic industries can provide important guidelines for the draft offer, but since negotiations are undertaken bilaterally on a request-offer basis, Jordan's offer must be adaptable to the special interests of all parties. The commonly included entities, products and services are therefore an appropriate starting point for the initial offer list.

For the second mechanism dealing with legislative issues, the GOJ examined its procurement procedures with technical assistance provided by the World Bank (1999). It subsequently drafted legislation on government procurements (Hashemite Kingdom of Jordan, 2002). At the institutional level, a ministerial committee was formed to examine the recommendations of the World Bank report and reform measures needed for the GPA accession negotiations. Plans are now underway to complete the revisions to the legislation on government procurement to bring it in line with GPA standards.

Against this background, the main objective of this study is to present a master plan for Jordan's accession to the GPA. The plan intends to:

- Review the action plan being taken by MIT and other entities involved in the accession process;
- Summarize the potential costs and benefits to Jordan from its accession to the GPA;
- Analyze the key elements to be addressed in the negotiation process.

1.2 Organization of the Study

- ◆ Chapter 1 describes the objective and coverage of the study.

- ◆ Chapter 2 reviews the road map on the steps that Jordan needs to take in order to present its initial offer to the WTO Government Procurement Committee.
- ◆ Chapter 3 summarizes earlier findings on the impact of the GPA on selected sectors in terms of the impact of changes in foreign versus domestic sourcing of government procurement and the impact of enhanced foreign markets.
- ◆ Chapter 4 analyzes in considerable detail the key elements that Jordan needs to address in its negotiation process.

2. Master Plan for Jordan's Accession to the GPA

2.1 Initiatives

Jordan is undertaking two distinct initiatives in its negotiations with the WTO Government Procurement Committee to accede to the Government Procurement Agreement (GPA): (a) the 'initial entity offer' for the Appendices containing the threshold value of supplies of goods and services directed to specific entities, and (b) reform of national legislation to bring it in line with the provisions of the Agreement. As part of the initial entity offer, the government procurement information system has been updated and the industry effects assessed. What remains is the identification of the entities to be offered, definition of threshold values, consideration of legal revisions to the present procurement system, and the drafting of an initial entity offer. At the same time, the Government is building support with the private sector and overcoming institutional bottlenecks to quickly move the process forward.

The National GPA Committee has agreed to undertake three integrated phases of activities leading up to the submission of the initial entity offer in September/October of this year (see AMIR, 2002a, and Figure 2.1). Phase I consists of data compilation for the procurement database, and the preparation of a study examining the impact of Jordan's accession on selected industries. Both tasks are now completed. Phase II, which extends to 1 September, focuses on the National GPA Committee's preparation of the initial entity offer, as well as the preparation of a policy paper synthesizing the results of the impact studies and Committee's strategy in formulating the initial entity offer. Phase III covers the final transmittal of the initial entity offer by the National GPA Committee and its submission to the WTO Government Procurement Committee.

The sequential nature of these tasks makes it imperative that responsibilities be clearly defined and, to the extent possible, that each of the units responsible for a task supports the other tasks on which it depends. There are three phases that synthesize of the interrelationships of the major activities, the responsible party, support being offered, and the timeline of the activities. In Phase I the data component consists of the preparation of the procurement database, and the analytical component invokes the database for industry-level impact analyses after ensuring the integrity of the database. Having completed Phase I, the private sector is in a position to submit its list of entities to be included in the offer. Phase II provides considerable time for the drafting of the annexes in Appendix I of the entity offer. During that time, the National GPA Committee needs to review the list of entities for the offer and consolidate the information into the four annexes of the Appendix I draft. This procedure is synthesized in Chapter 4 of the present policy paper, which aims to support the country's negotiating strategy and ensure that key government officials are apprised of the Committee's initiatives.

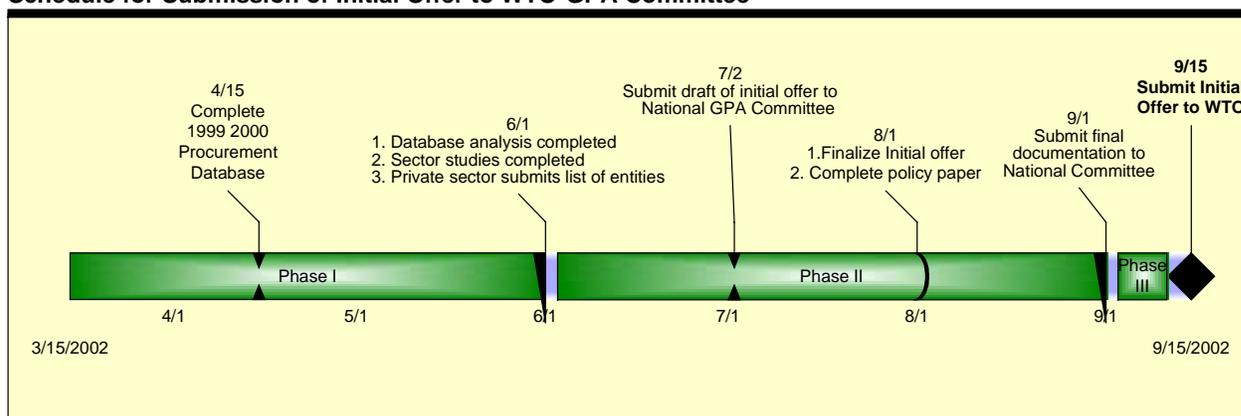
2.2 Jordan's Interests in the GPA

Jordan has several interests in the GPA, the first of which is to move forward now by negotiating in good faith in order to comply with its WTO commitments. The process of negotiating to join the GPA brings benefits to both the public and private sector: in addition to the development of a new database and sector studies that are funded by outside sources (*viz.*, USAID), both the public and private sectors have the chance to closely examine their procurement system and take this opportunity to revise it. Advancing this negotiation process now can benefit Jordan and allow it to remain in good stead with the WTO Government Procurement Committee in Geneva.

Second, one of the main economic benefits of actually joining the GPA will be the gains in efficiency of the procurement system. The present procurement system, while not overly complicated by multiple layers of legislation, has some elements that are neither fair to Jordanian nor foreign suppliers that bid on government contracts. The legislative review that is part of the negotiation process has already uncovered some weaknesses in the procurement system; the outcome of the negotiations will likely remove these weaknesses or improve them. Third, the introduction of competition into the procurement process could reduce costs for the Government, thereby saving funds that could be allocated for other purposes. Fourth, the GPA opens a new market to Jordanian suppliers and opportunities to develop joint ventures with foreign partners to serve their markets.

Jordan will also likely incur costs if it decides to join the GPA. New administrative responsibilities would be introduced, and, as mentioned above, new legislation must be adopted. Short-term negative effects on certain industries could also come about as a result of joining the GPA if the Government is not careful in its negotiations for accession. However, if both the public and private sectors prepare for the negotiations, they will be able to have a clearer understanding of which industries could be adversely affected and take actions accordingly to exclude them from the GPA.

Figure 2.1
Schedule for Submission of Initial Offer to WTO-GPA Committee



3. Economic Impact Assessment

The value of government procurement in the industrialized countries ranges from 8 to 12 percent of the combined gross domestic product, which in 2002 represents anywhere from US\$1.2 to US\$1.9 trillion. Since the bulk of economic activity in the industrialized countries is subject to the WTO Government Procurement Agreement (GPA), access to that market represents a major opportunity for Jordan. At the same time, however, Jordan needs to determine whether the benefits of greater access to the public sector markets of the GPA member countries outweigh possible domestic adjustment costs associated with accession to the Agreement.

3.1 Measuring the Distributional Effects

Jordan's membership in the GPA could have significant effects on the welfare of producers and consumers (public and private), and therefore impact on the country's overall welfare. On the producer side, the potential benefits of the GPA arise from a possible export expansion brought on by increased access of Jordanian industries to the public sectors of GPA member countries, while the potential costs to those industries arise from the diversion of purchases by the GOJ from domestic suppliers to foreign suppliers. Consumer benefits and costs, whether from the public or private sector, are more difficult to measure but equally important. They consist of the cost savings arising from the purchase of more competitively priced goods and services from either domestic or foreign suppliers, less the cost involved in bringing about changes needed to obtain those benefits.

The impact assessment in AMIR (2002b) uses the so-called bottom-up approach, in contrast to the use of the national system of accounts to obtain an aggregate-level assessment of the effect that membership in the GPA would have on Jordan.⁴ That approach is more reliable than an aggregated approach since it allows us to measure the industry-specific effects of the GPA. Nevertheless, it requires that the analysis be based on a subset of goods and services be identified out of the universe of procurement information. The impact analysis focuses on seven industries producing goods, which together account for two-thirds of all manufacturing output and employ one-third of the manufacturing labor force. For services, the analysis focuses on two industries that are central to government procurement activities, and it also provided extensive coverage of all service activities related to Jordan's initial draft offer.

⁴ The bottom-up approach refers to the process of gathering procurement expenditure data directly from the national entities responsible for procurement decisions, and then measuring the effect of membership on the GPA based on those expenditures (OECD, 2002).

3.2 Reported Benefits and Costs

To measure the impact of these practices on domestic production in Jordan, the AMIR (2002b) study selected the industry sub-sectors whose products account for the bulk of current government purchases. By merging information from the CNS procurement database on the domestic and foreign supply-based composition of government purchases with industry supply and distribution information, the study derived the level and composition of public versus private consumption of each of the sub-sectors, as well as imports of those sub-sectors by the public and private sectors. Following well-known academic studies and an earlier study for Jordan by AMIR (2001), it assumed that the share of imports demanded by the government converges to that of the private sector once discriminatory procurement practices are eliminated, and that the export expansion will be proportional to the expanded market for public procurement in GPA member countries.

The results show that Jordan's export-related gains would be proportional to the enlarged market for selected products in GPA member countries because of the one-time expanded access to the public sector. The combined size of the markets for Jordan's main industries represents over US\$1.5 trillion of private and public sector purchases from abroad. Of this amount, nearly 12 percent or US\$183 billion represents public sector purchases. For Jordan, the one-time expansion in exports from accessing the public sector component of the GPA member country markets could generate 3.7 percent of additional export revenue from Jordan's export sales. That figure roughly translates into a JD 50 million of additional annual export revenue if Jordan were able to export all of its products to those markets. Naturally, only a sub-set of Jordan's export products are likely to be purchased by the public sector in the GPA member countries.

Within the selected industries, the results indicate that (a) domestic output adjustments would benefit the radio, television and communications industry and, to a lesser extent, those of pharmaceuticals and furniture, (b) the medical supplies industry is likely to experience significant adjustment costs because of increased competition from foreign suppliers, (c) adjustment costs to the food and paper, printing and packaging industries are likely to be small to the industries themselves, but significant to Jordan's overall industrial production because of the importance of these industries to the country, (d) for individual sub-sectors, the largest benefits from increased foreign market access are expected to occur in metal furniture and fixtures, basic industrial chemicals, radio, television and communications, and synthetic resins, plastic materials and man-made fibers, while the largest adjustment costs are expected to occur in canning and preserving of fruits and vegetables, plastic products, and surgical, medical and dental equipment.

Table 3.1
Output and Export Gain Effect from Increased Market Access

| | ISIC 2 Code | Industry/Sector | Change in Exports | | Change in Imports | | Change in Production | |
|-----------------------------|-----------------------|--|-------------------|---------------|-------------------|----------------|----------------------|--------------|
| | | | 1000 JD | % | 1000 JD | % | 1000 JD | % |
| Furniture & Fixtures | 3320 | Furniture and Fixtures, Except Primarily of Metal | 309 | 3.7% | 295 | 1.6% | 218 | 0.3% |
| | 3812 | Furniture and Fixtures, Primarily of Metal | 1 | 3.7% | -6 | -8.9% | 201 | 8.4% |
| | Total Industry | | 310 | 3.7% | 289 | 1.6% | 420 | 0.6% |
| Pharmaceuticals | 3522 | Manufacture of Drugs and Medicines | 4,089 | 3.7% | 4,364 | 4.4% | 269 | 0.2% |
| | Total Industry | | 4,089 | 3.7% | 4,364 | 4.4% | 269 | 0.2% |
| Paper, Printing & Packaging | 3411 | Manufacture of Pulp, Paper and Paperboard | 804 | 3.7% | 2,640 | 4.2% | (1,679) | -4.6% |
| | 3412 | Manufacture of Containers and Boxes of Paper | 234 | 3.7% | 43 | 0.7% | (1) | 0.0% |
| | 3319 | Manufacture of Pulp, Paper and Paperboard Articles | 27 | 3.7% | -8 | -0.3% | 422 | 0.9% |
| | 3420 | Printing, Publishing and Allied Industries | 438 | 3.7% | -8 | -0.3% | (17) | 0.0% |
| | Total Industry | | 1,501 | 3.7% | 2,666 | 3.3% | (1,276) | -0.9% |
| Medical Supplies Industry | 3851+ | Manufacture of Surgical, Medical Dental Equipment, Instrument and Supplies, Orthopedic and Prosthetic Appliances | 310 | 3.7% | 223 | 3.7% | (417) | -7.8% |
| | 3852 | | | | | | | |
| Total Industry | | 310 | 3.7% | 223 | 3.7% | (417) | -7.8% | |
| Radio, TV and Communication | 3832 | Radio, Television and Communication | 224 | 3.8% | -125 | -0.2% | 994 | 3.2% |
| | Total Industry | | 224 | 3.8% | -125 | -0.2% | 994 | 3.2% |
| Chemical Industries | 3511 | Basic Industrial Chemicals except Fertilizers | 2,431 | 3.7% | -1,339 | -1.4% | 6,061 | 5.7% |
| | 3512 | Manufacture of Fertilizers and Pesticides | 7,875 | 3.7% | 27 | 0.1% | 7,848 | 3.0% |
| | 3513 | Manufacture of Synthetic Resins, Plastic Materials and Man-Made Fibers | 648 | 3.7% | 55 | 0.1% | 555 | 2.0% |
| | 3521 | Manufacture of Paints, Varnish and Lacquers | 280 | 3.7% | -1 | 0.0% | 488 | 1.7% |
| | 3523 | Manufacture of Soap, Cleaning Preparations, Perfumes, Cosmetics. etc. | 1,457 | 3.7% | 439 | 2.2% | 1,018 | 0.9% |
| | 3529 | Manufacture of Chemical Products n.e.c | 104 | 3.7% | -323 | -1.6% | (12) | -0.3% |
| | 3530 | Petroleum Refineries | 3 | 3.7% | 22 | 0.0% | (19) | 0.0% |
| | 3551+3559 | Tire and Tube Industries and Manufacture of Rubber Products nec | 21 | 3.7% | -52 | -0.2% | 208 | 10.1% |
| | 3560 | Manufacture of plastic Products n.e.c | 633 | 3.7% | 138 | 0.7% | (667) | -1.0% |
| Total Industry | | 13,452 | 3.7% | -1,035 | -0.3% | 15,479 | 1.1% | |
| Food Industry | 3112 | Manufacture of Dairy Products | 41 | 3.7% | -181 | -0.4% | 29 | 0.1% |
| | 3113 | Canning and Preserving of Fruits and Vegetables | 186 | 3.7% | 977 | 13.3% | (3,263) | -35.0% |
| | 3115 | Manufacture of Vegetable and Animal Oils and Fats | 2,166 | 3.7% | 1,272 | 1.5% | 734 | 0.8% |
| | 3116 | Grain Mill Products | 13 | 3.7% | -181 | -0.4% | 253 | 0.3% |
| | 3117 | Manufacture of Bakery Products | 84 | 3.7% | -213 | -4.6% | 127 | 0.2% |
| | 3119 | Manufacture of Cocoa, Chocolate and Sugar Confectionary | 45 | 3.7% | 24 | 0.3% | 51 | 0.4% |
| | 3121 | Manufacture of Food Products n.e.c | 148 | 3.7% | 311 | 0.9% | (164) | -0.5% |
| | 3134 | Soft Drinks and Carbonated Water Industries | 58 | 3.7% | -164 | -4.6% | 604 | 0.7% |
| | 3111 | Slaughtering, Preparing and Preserving Animal Meat and Poultry | 92 | 3.7% | 410 | 1.0% | (866) | -2.9% |
| Total Industry | | 2,834 | 3.7% | 2,255 | 0.8% | (2,496) | -0.5% | |
| Total All Industries | | 22,720 | 3.7% | 8,637 | 0.9% | 12,973 | 0.6% | |

4. Illustrative Offer

4.1 Key Components of the Offer

The main body of the GPA does not in itself contain the obligations of its member countries, but rather sets out the obligations in Appendix I of the Agreement. Appendix I is composed of five annexes, the first three of which comprise the government entities at the central and sub-central level, as well as all other entities that procure in accordance with the GPA provisions; the other two annexes specify the covered services.

Procurement activities encompass those of central and sub-central (local) government entities, as well as other public entities and corporations that are under the control or influence of the national government. Procurement refers to purchases of both goods and services, including construction services. For most members, the threshold for central government contracts of goods and services covered under the GPA is Special Drawing Rights (SDR) 130,000; for local governments, SDR200,000; and for other entities, SDR400,000. For construction contracts, the threshold is SDR5 million. However, in the case of services contracts, only those listed in the agreement are covered.

Jordan will need to prepare an offer containing the lists of government agencies it has committed to complying with the Agreement, and the lists of construction and other services subject to the Agreement. The three other appendices (Appendices II-IV) catalog the government publications used to announce tender notices, qualification lists, procurement rules and procedures.

A description of each of these appendices follows:

Appendix I: Defines the coverage of a country's obligations under the Agreement in terms of procuring entities and services, including construction services, and contains five Annexes:

| | |
|----------|-----------------------------------|
| Annex 1: | Central Government Entities |
| Annex 2: | Sub-Central Government Entities |
| Annex 3: | All Other Government Entities |
| Annex 4: | Services, other than construction |
| Annex 5: | Construction services |

Appendix II: Specifies the publications used by countries for the publication of notices of intended procurements — paragraph 1 of Article IX, and of post-award notices — paragraph 1 of Article XVIII.

Appendix III: Specifies the publications used by countries for the publication annually of information on permanent lists of qualified suppliers in the case of selective tendering procedures — Paragraph 9 of Article IX.

Appendix IV: Specifies the publications used by countries for the publication of laws, regulations, judicial decisions, administrative rulings of general application and any procedure regarding government procurement covered by this Agreement — Paragraph 1 of Article XIX.

4.2 Special and Differential Treatment for Developing Countries

Under Article V of the Agreement, developing countries receive special and differential treatment in negotiation of commitments (coverage), and the possibility of invoking exclusions from the rules on national treatment for certain entities, products or services. On the one hand, the development objectives of developing countries must be taken into account in the course of negotiations over their procurement obligations under the Agreement. On the other, developed countries should endeavor to include entities that procure both products and services of export interest to developing countries.

For developing countries, development objectives refer to the following: (a) safeguard the position of the balance-of-payments, (b) promote the establishment or development of domestic industries, (c) support industrial units that are wholly or substantially dependent on government procurement, and (d) encourage economic development through regional or global arrangements approved by the WTO.

In practice, there are few guidelines to developing countries define what constitutes appropriate measures for special and differential treatment in support of their development objectives when submitting their offers on entities, products or services. Of the 27 countries listed as members of the GPA, which include the individual members of the European Union, only Korea is classified as a developing country under the World Bank's country classification list.⁵ If Korea is to serve as an example of what constitutes special and differential treatment, then developing countries have few prerogatives over the treatment given to them by developed countries. When Korea became a member of the GPA, it was only able to negotiate limited exceptions to its entity offers by central, sub-central or other government entities.⁶ In its procurement of services, Korea did negotiate the ability to extend its offers of the sub-sectors listed in Annex 4 only to those members including those same sub-sectors in their Annex 4.

For their part, developed member countries have, in many cases, taken exemption to Korea's effort to gain special and differential treatment. For instance, the European Union

⁵ Before joining the GPA under the WTO, Korea made three attempts to become a member of the GPA under the GATT system between 1979 and 1982. Each time it submitted offer lists that were increasingly expanded versions of the original one presented in 1979. All of those initiatives were unsuccessful because the offer list did not meet the expectations of the GPA members. Like in the case of Jordan under the US-Jordan Free Trade Agreement, the United States raised the issue of Korea joining the GPA under its bilateral trade negotiations under the Super 301 in 1989 to avoid possible trade frictions in the area of government procurement (Choi, 1999).

⁶ The exemption refers to procurement of satellites under the Aviation and Space Industry Development Promotion Law for five years from Korea's entry into the GPA. Some entities (National Railroad Administration, airports in the case of the central government, and urban transportation) are excluded for the suppliers and service providers of the European Communities, Austria, Norway, Sweden, Finland and Switzerland until such those members give comparable and effective access to Korea in their markets. Similarly, sub-central and other government entities are excluded for goods and services (including construction services) of Canada until the coverage with Canada can be resolved.

did not extend the benefits to Korean suppliers and service providers of its government entities in airports and urban transport until such time as Korea opens its market to the European Union in these same areas. The same restrictions by the European Union apply to sub-central government entities excluded by Korea in its Annex 2, as well as small and medium size enterprises that Korea included in its general notes in an effort to promote those types of domestic enterprises. Finally, there are EU restrictions on Korean suppliers when the threshold level applied by Korea for any type of entity is less than that applied by the European Union for the same type of entity. Similar restrictions to Korea's suppliers are applied by Iceland, Liechtenstein and Norway.

In the case of the United States, construction services procured from Korea by sub-central and other government entities only applies to a threshold above 15 million SDRs. The United States also initiated a case against certain Korean procurement practices with respect to the construction of the Incheon International Airport, stating that those practices violated Korea's obligations under the GPA (Priebe and Pitschas, undated).

4.3 Strategy for Formulating an Offer

Jordan's initial offer needs to consider the interests of domestic industries, domestic procuring entities, and GPA member countries. The key elements of the offer are the government entities to be included, the threshold levels for the different entities, and the products and services to be covered by the Agreement. The impact assessment of the GPA on domestic industries can provide important guidelines for the draft offer, but since negotiations are undertaken bilaterally on a request-offer basis, Jordan's offer must be adaptable to the special interests of all parties. The commonly included entities, products and services are therefore an appropriate starting point for the initial offer list.

From the onset, it is important that Jordan express a genuine interest in acceding to the GPA in terms of the initial and subsequent offer lists that it submits. Naturally, however, the initial offer list should contain the minimum number of government entities, public corporations and products and services that are likely to be expected by the GPA member countries.⁷ Exceptions and exclusions need to be justified on the basis of Jordan's developing country status, national security, preferences given to small and medium size enterprises, regional trade arrangements, and infant industry status accorded to some sectors. In the end it is unlikely that Jordan will be able to exclude a significant number of entities or products from its offer. Korea, for instance, finalized its negotiations with an offer list of 42 out of a total of 45 central government entities, 15 local government entities, and 23 public corporations.

4.4 Threshold Values

⁷ This strategy was followed by Korea, even though it participated in the GPA negotiations under the GATT (Choi, 1999).

Threshold values are established for procurement contracts on goods and services, including those related to construction, by central and sub-central government entities and all other entities owned or controlled by the government. The obligations of the GPA do not apply to all procurements by all government entities. Rather, the GPA allows a member to apply the Agreement only to procurements by entities that exceed a certain threshold value; and, with respect to those procurements by the covered entities that exceed the threshold value, the GPA allows the member to limit the kinds of services and construction contracts that will be subject to the Agreement. In addition, the GPA allows a member to exempt from coverage of the Agreement procurements necessary to protect national security, public morals, order or safety, human, animal or plant life or health or intellectual property. Moreover, as mentioned earlier, developing country members are authorized to negotiate exclusions of specified entities, products or services from national treatment.

Despite these caveats, the total value of the thresholds, summed across all entities, is fairly homogeneous among the GPA member countries. The exceptions appear in the conditions applied to Korea, Japan and Israel, where considerably higher threshold values for procurement contracts are applied to construction services. Higher thresholds in these countries, however, are partially offset by lower thresholds on procurement contracts for goods and service by sub-central entities. Japan also has a lower-than-average threshold for procurement contracts for goods and services by other entities owned or controlled by the government (Table 4.1).

Jordan therefore has a fairly limited scope for negotiation on the threshold values for procurement contracts for goods and services, and that scope is mainly limited to

Table 4.1
Comparative SDR Threshold Values of GPA Members

| | Federal Government Entities 1/ | | | Sub-Central Entities 2/ | | | All Other Entities 3/ | | |
|-----------------------|--------------------------------|-------------|-----------------|-------------------------|-------------|-----------------|-----------------------|-------------|-----------------|
| | Goods | Services 4/ | Construction 5/ | Goods | Services 4/ | Construction 5/ | Goods | Services 4/ | Construction 5/ |
| Canada | 130,000 | 130,000 | 5,000,000 | 355,000 | 355,000 | 5,000,000 | 355,000 | 355,000 | 5,000,000 |
| European Community | 130,000 | 130,000 | 5,000,000 | 200,000 | 200,000 | 5,000,000 | 400,000 | 400,000 | 5,000,000 |
| Hong Kong | 130,000 | 130,000 | 5,000,000 | na | na | na | 400,000 | 400,000 | 5,000,000 |
| Israel | 130,000 | 130,000 | 8,500,000 | 250,000 | 250,000 | 8,500,000 | 355,000 | 355,000 | 8,500,000 |
| Japan | 130,000 | 130,000 | 4,500,000 | 200,000 | 200,000 | 15,000,000 | 130,000 | 130,000 | 15,000,000 |
| Korea | 130,000 | 130,000 | 5,000,000 | 200,000 | 200,000 | 15,000,000 | 450,000 | 450,000 | 15,000,000 |
| Liechtenstein | 130,000 | 130,000 | 5,000,000 | 200,000 | 200,000 | 5,000,000 | 400,000 | 400,000 | 5,000,000 |
| Netherlands for Aruba | 130,000 | 130,000 | 5,000,000 | na | na | na | 400,000 | 400,000 | 5,000,000 |
| Norway | 130,000 | 130,000 | 5,000,000 | 200,000 | 200,000 | 5,000,000 | 400,000 | 400,000 | 5,000,000 |
| Singapore | 130,000 | 130,000 | 5,000,000 | na | na | na | 400,000 | 400,000 | 5,000,000 |
| Switzerland | 130,000 | 130,000 | 5,000,000 | 200,000 | 200,000 | 5,000,000 | 400,000 | 400,000 | 5,000,000 |
| United States | 130,000 | 130,000 | 5,000,000 | 355,000 | 355,000 | 5,000,000 | 400,000 | 400,000 | 5,000,000 |

1/ Specified in Appendix I: Annex 1

2/ Specified in Appendix I: Annex 2

3/ Specified in Appendix I: Annex 3

4/ Covered in Appendix I: Annex 4

5/ Covered in Appendix I: Annex 5

Source: WTO (2000).

Table 4.2
Distribution of Central Government Procurement by Entity, 1997-2000 Average

| | Percent of Total |
|---|------------------|
| Ministry of Health | 72.7% |
| General Supplies and Government Tenders Department | 12.6% |
| Ministry of Education | 5.5% |
| Ministry of Finance | 3.2% |
| Ministry of Agriculture | 1.4% |
| Ministry of Interior | 1.2% |
| Energy and Mineral Resources Ministry | 0.7% |
| Ministry of Water and Irrigation | 0.6% |
| Ministry of Post and Telecommunication | 0.5% |
| Ministry of Social Development | 0.5% |
| Ministry of Youth | 0.2% |
| Ministry of Culture | 0.2% |
| Ministry of Justice | 0.2% |
| Ministry of Labor | 0.2% |
| Ministry of Planning | 0.2% |
| Ministry of Foreign Affairs | 0.1% |
| Ministry of Awqaf Islamic Affairs and Holy Places | 0.1% |
| Ministry of Industry and Trade | 0.1% |
| Ministry of Information | 0.0% |
| Ministry of Municipal and Rural Affairs and the Environment | 0.0% |
| Ministry of Defense | na |
| Ministry of Tourism and Antiquities | na |
| Ministry of Public Works and Housing | na |
| Ministry of Transport | na |
| | 100.0% |

procurement contracts by sub-central entities and all other entities owned or controlled by the government. In the case of central government procurement contracts for goods and services covered under the GPA, the threshold value for procurement of both goods and services is always SDR130,000. In most cases, the threshold for procurement contracts on construction services by the central government is SDR5 million. The major exception is Israel, which has a threshold of SDR8.5 million on procurement contracts on construction services.

4.5 Entity and Product Offers

Most government procurement in Jordan tends to occur at the central government level. Although local government plays an important part in the country, the value of procurement by these entities is relatively small in the overall public sector. The size of central government procurement by entity is shown in Table 4.2, while Table 4.3 lists the main products purchased by the government, defined as those that represent at least 1 percent of total central government procurement.

Government procurement is heavily concentrated in medical products. Two-thirds of all goods procured are for medical purposes and the Ministry of Health accounts for nearly

three-fourths of procurement. Transportation equipment (cars, buses, trucks and parts) account for another 10 percent of all procurement, and furniture and other office supplies represent 6 percent of all procurement.

The GPA coverage is usually limited by excluding entities rather than products from the offers made by member countries. For developing countries, however, there is, in principal, the right to exclude some products based on their development needs. Outside of the GPA, Ninni (2001) has found that in emerging and developing economies, government procurement policies are already used to protect industries.⁸ Within the GPA, the usual arguments advanced for the exclusions and exemptions, according to Choi (1999), are developing country status, national security, preference to small firms, regional development, infant industry, internal political reality, and cultural differences.

For Jordan, Article V on special and differential treatment of developing countries, development objectives must ensure that (a) the balance-of-payments position is safeguard, (b) establishment or development of domestic industries is promoted, (c) industrial units wholly or substantially dependent on government procurement are supported, and (d) economic development through regional or global arrangements approved by the WTO is encouraged.

Table 4.3
Central Government Procurement of Products, 2000

| HSCode | Description | Percent of Total |
|--------|--------------------------------|------------------|
| 3004 | Medicaments | 43.9% |
| 9018 | Medical instruments | 8.5% |
| 3002 | Vaccines | 5.7% |
| 8703 | Motor vehicles | 3.8% |
| 8704 | Trucks | 2.7% |
| 8702 | Buses | 2.5% |
| 8471 | Data processing machines | 2.1% |
| 9022 | X-ray machines | 2.1% |
| 3005 | Adhesive Dressing | 1.8% |
| 9403 | Furniture | 1.5% |
| 8421 | Clothes-dryers | 1.4% |
| 9401 | Chairs | 1.4% |
| 2804 | Oxygen and other gases | 1.4% |
| 4823 | Adhesive paper | 1.4% |
| 4820 | Binders and folders | 1.2% |
| 9027 | Gas and smoke detectors | 1.2% |
| 3822 | Laboratory reagents | 1.1% |
| 4011 | Tires of automobiles | 1.1% |
| 8306 | Statuettes and other ornaments | 1.0% |
| | Sub-total | 85.7% |
| | Total all products | 100.0% |

A strategy aiming to minimize the domestic producer impact of the GPA and maximize the foreign market opportunities would seek to exclude the entities with the largest amount of government procurement. In such a situation, the entity offer should exclude medicaments, medical instruments and other products listed in Table 4.3, although it is unlikely that GPA member countries will allow such broad-based exclusions in their negotiations with Jordan. Moreover, the loss of efficiency gains from this strategy might not minimize the overall domestic impact of the GPA accession, since the loss of efficiency might

⁸ Indeed, Ninni (2001) found that only Taiwan uses government procurement to nurture its dynamic domestic industries. All other countries in his survey use procurements to shelter domestic industries from foreign competition.

outweigh the domestic producer impact.

If Jordan is able to exclude selected products from its offer, then it will need to determine the strategy for their exemption. Table 4.4 illustrates the types of industries that would be excluded from the offer list to support existing development policies. A strategy aiming to promote industries with high nominal protection but low effective protection would exclude products originating from manufacturers of pharmaceuticals, medical and surgical equipment, and agricultural and forestry machinery. Likewise, a strategy to promote those industries already enjoying high levels of both nominal and effective rates of protection would exclude manufacturers of fabricated metal products, glass and glass products, rubber products, furniture, basic chemicals, and rubber tires and tubes. The type of information required to select these products are nominal rates of protection (NRP), which are readily available, and effective rates of protection (ERP), which require calculation of protection on the final products as well as the intermediate goods used to produce each of those products.

A broader approach requiring less calculation would target for exclusion from the offer list types of products classified according to factor intensity. One strategy using this approach would target high-technology and capital intensive products in which supports the GOJ's current development objectives. Products excluded from the offer list using this strategy include those produced by manufacturers of pharmaceuticals, medical and surgical equipment, chemical products, inorganic chemicals, dyeing and tanning, and oils and perfume materials. Another strategy would target labor-intensive industries to support the employment objectives of the GOJ's development plan to minimize the GPA impact on employment. Products excluded from the offer list using this strategy would include those produced by manufacturers of furniture, made-up textile articles, jewelry, leather and manufactures, travel goods and handbags, and clothing. The Annex provides a list of products classified at the 2-digit HS level in terms of their factor intensity.

Yet another approach to selecting products to exclude from the offer would either minimize the impact of the GPA on procurement changes by the government or, more broadly, minimize the overall output effect at the industry level from the GPA. Table 6.1 illustrates some of the products that would be excluded from the offer to the WTO because of the large impact that international competition is likely to have on their industries. However, it is important to emphasize that lack of data on the origin and distribution of goods in both the public and private sectors of the economy required us to make important assumptions when calculating the effects of the GPA on the production of domestic industries. Nevertheless, the results provide guidelines for the types of industries that are most likely to be affected by Jordan's membership in the GPA.

Table 4.4
Alternative Strategies for GPA Negotiations and Products to Exclude from Offer

| Strategy | Illustrative Products to Exclude from Offer List | | | | | |
|---|--|--|--------------------------------------|---------------------------|---------------------------|-----------------------------------|
| Promote High-Tech Industries | Pharmaceuticals | Medical equipment | Chemical products | Inorganic Chemicals | Dyeing, Tanning Materials | Essential Oils, Perfume Materials |
| Promote Labor-Intensive Industries | Furniture* | Made-up textile articles* | Jewelry* | Leather and Manufactures* | Travel Goods & Handbags* | Clothing* |
| Promote Industries with High Rates of Effective Protection | Fabricated metal products* | Glass and glass products* | Rubber products* | Furniture* | Basic chemicals* | Rubber tires and tubes* |
| Promote Industries with High Nominal Protection but Low Effective Protection | Pharmaceuticals* | Medical, surgical equipment* | Agricultural and forestry machinery* | | | |
| Promote High Export Growth Industries | Medicines* | Wooden office furniture* | Paper, paperboard* | Containers. of paper* | Soaps* | Carpets* |
| Minimize Impact on Government Procurement from Domestic Industries | Metal furniture* | Medicaments* | Manifold business forms* | Seats with wooden frames* | Wooden office furniture* | Swivel seats* |
| Minimize Impact on Domestic Output | Seats with metal frames* | Chemical preparations for photographic uses* | Bed linen* | Medical furniture* | Seats with wooden frames* | Medicines* |

* Refers to sub-categories of products within classification grouping.

4.6 Services Coverage under Annex 4

Most members submit a positive list of services in Annex 4. The description and classification of these services is based on the Central Product Classification (CPC) nomenclature of the Universal List of Services of the World Trade Organization (WTO,

1991).⁹ ¹⁰ Annex B presents the services offered by GPA member countries in Annex 4 of Appendix I.

Commonly Offered Sub-Sectors - Although members are not obliged to offer the same services as others, there is clearly an element of reciprocity in their offers. Canada, Korea and the United States, for instance, do not extend the benefits of the GPA to various suppliers and service providers until those providers open their markets to them. Table 4.2 provides a broad overview of the pattern of offers made by existing GPA member countries, while Table 4.3 provides a more detailed look at the most commonly offered service sub-sectors by GPA members. The analysis shows a clear tendency for countries to provide offers in comparable sub-sectors (see Table 4.5). For example, although there is only one sub-sector offered by 11 GPA member countries (data processing services), there are 8 sub-sectors offered by 10 GPA members and another 4 offered by 9 members.¹¹

⁹ When Jordan became a member of the WTO in April 2000, it undertook commitments in the General Agreement in Trade in Services (GATS) under the Schedule of Specific Commitments. Under these commitments, Jordan should base its schedules on the classification list developed by the WTO and published under the document entitled *Services Sectoral Classification List*, MTN.GNS/W/120. This classification, informally referred to as W/120, is closely correlated with the Provisional CPC. Since the Uruguay Round the Provisional CPC has been revised and replaced by CPC v 1. However, GPA commitments in Annex 4 continue to use the Provisional CPC.

¹⁰ Each subclass of CPC consists of services, as well as goods, that are predominantly produced in a specific class or classes of the International Standard Industrial Classification. For correspondences between CPC and ISIC Rev.3 for goods and services, and between CPC and the Harmonized System (HS), see UN (1998).

¹¹ The sub-sectors are consultancy services related to installation of computer hardware, software implementation services, data base services, market research and public opinion polling services, management consulting services, advertising services, sewage services, maintenance and repair of

member countries in Annex 4. Table 4.7 presents the services that would be included (others being excluded) of the Universal List of Services, as contained in document MTN.GNS/W/120.

Since Jordan has the right to special and differential treatment as a developing country, it can invoke a number of development-based arguments to exclude some of the services covered in Table 4.7. Applying the criteria used in Table 4.6, twenty-two (21) service sub-sectors could be eliminated from the initial list. The resulting number of sub-sectors offered would equal 27, which nearly matches the 29 sub-sectors that on average have been offered by existing GPA member countries.

Table 4.7: Possible Offers by Jordan for Annex 4 based on Most Commonly Offered Sub-Sectors

| CPC | Sector and Sub-Sector | Importance based on GPA Offers | | Output of Affected Industry (000JD) | Possible Criteria for Exclusion from Offer |
|---|---|--------------------------------|--------------------------|-------------------------------------|---|
| | | Number of GPA Member Offers | Number of Offers Ranking | | |
| 1. BUSINESS SERVICES | | | | | |
| A. Professional Services | | | | | |
| 862 | Accounting, auditing and bookkeeping services | 9 | 10 | 6,829 | |
| 863 | Taxation Services | 4 | 38 | 6,829 | |
| 8671 | Architectural services | 6 | 23 | 25,209 | Minimize government procurement impact |
| 8672 | Engineering services | 7 | 17 | na | Promote export-growth industries / minimize gov. procurement impact |
| 8673 | Integrated engineering services | 5 | 31 | na | Promote export-growth industries / minimize gov. procurement impact |
| B. Computer and Related Services | | | | | |
| 842 | Software implementation services | 10 | 3 | 1,615 | Promote high-tech industries |
| 843 | Data processing services | 11 | 1 | 1,615 | Promote high-tech industries / Promote export-growth industries |
| 844 | Data base services | 10 | 4 | | Promote high-tech industries / Promote export-growth industries |
| 845+849 | Other | 10 | 14 | 874 | Promote high-tech industries |
| D. Real Estate Services | | | | | |
| 822 | On a fee or contract basis | 7 | 15 | 3,500 | |
| E. Rental/Leasing Services without Operators | | | | | |
| 83106-83109 | Relating to other machinery and equipment | 4 | 42 | 526 | |
| 832 | Other | 1 | 14 | 3,166 | |
| F. Other Business Services | | | | | |
| 871 | Advertising services | 10 | 7 | 8,982 | |
| 864 | Market research and public opinion polling services | 10 | 5 | 80 | |
| 865 | Management consulting services | 10 | 6 | 32,686 | |
| 866 | Services related to maconsulting | 9 | 11 | 44,239 | |
| 8676 | Technical testing and analysis serv. | 7 | 18 | na | Promote high-tech industries |
| 873 | Investigation and security | 6 | 21 | 2,837 | |
| 633+8861-8866 | Maintenance and repair of equipment | 10 | 9 | 874 | |

| CPC | Sector and Sub-Sector | Importance based on GPA Offers | | Output of Affected Industry (000JD) | Possible Criteria for Exclusion from Offer |
|--|--|--------------------------------|--------------------------|-------------------------------------|---|
| | | Number of GPA Member Offers | Number of Offers Ranking | | |
| 874 | Building-cleaning services | 9 | 12 | 9,214 | |
| 88442 | Printing, publishing | 6 | 24 | 63,001 | Promote export-growth industries / minimize gov. procurement impact |
| 2. COMMUNICATION SERVICES | | | | | |
| 7512 | B. Courier services | 7 | 16 | 9,237 | |
| 7521 | Voice telephone services | 5 | 30 | 244,610 | Minimize domestic output impact |
| 7523** | Packet-switched data transmission services | 5 | 33 | 244,610 | Promote high-tech industries / min. dom. output impact |
| 7523** | Electronic mail | 4 | 34 | 244,610 | |
| 7523** | Voice mail | 5 | 35 | 244,610 | Promote high-tech industries |
| 7523** | On-line information and data base retrieval | 6 | 26 | 244,610 | Promote high-tech industries / Promote export-growth industries |
| 7523** | electronic data interchange (EDI) | 6 | 27 | 244,610 | Promote high-tech industries / Promote export-growth industries |
| 7523** | enhanced/value-added facsimile services | 5 | 36 | 244,610 | Promote high-tech industries |
| 6. ENVIRONMENTAL SERVICES | | | | | |
| 9401 | A. Sewage services | 10 | 8 | 8,163 | Promote labor-intensive services |
| 9402 | B. Refuse disposal services | 9 | 13 | 8,163 | Promote labor-intensive services |
| 9403 | C. Sanitation and similar services | 7 | 19 | 8,163 | Promote labor-intensive services |
| 7. FINANCIAL SERVICES | | | | | |
| A. All insurance and insurance-related services | | | | | |
| 8121 | Life, accident and health insurance services | 4 | 39 | na | |
| 8129 | Non-life insurance services | 4 | 40 | na | |
| 81299* | Reinsurance and retrocession | 4 | 41 | na | |
| 8140 | Services auxiliary to insurance | 6 | 22 | na | |
| 11. TRANSPORT SERVICES | | | | | |
| A. Maritime Transport Services | | | | | |
| 7211 | Passenger transportation | 1 | 25 | 17,022 | |
| 7212 | Freight transportation | 3 | 29 | 17,022 | |
| B. Internal Waterways Transport | | | | | |
| 7221 | Passenger transportation | 1 | 25 | 17,022 | |

| CPC | Sector and Sub-Sector | Importance based on GPA Offers | | Output of Affected Industry (000JD) | Possible Criteria for Exclusion from Offer |
|---|--|--------------------------------|--------------------------|-------------------------------------|---|
| | | Number of GPA Member Offers | Number of Offers Ranking | | |
| 7222 | Freight transportation | 1 | 29 | na | |
| C. Air Transport Services | | | | | |
| 731 | Passenger transportation | 5 | 25 | 286,337 | |
| 732 | Freight transportation | 5 | 29 | 286,337 | |
| 734 | Rental of aircraft with crew | 4 | 37 | 286,337 | |
| E. Rail Transport Services | | | | | |
| 7111 | Passenger transportation | 0 | 25 | 17,022 | |
| 7112 | Freight transportation | 0 | 29 | 17,022 | |
| F. Road Transport Services | | | | | |
| 7121+7122 | Passenger transportation | 6 | 25 | 229,949 | Promote labor-intensive services / min. gov. procurement impact |
| 7123 | Freight transportation | 4 | 29 | 227,058 | Promote labor-intensive services / min. dom. output impact |
| 6112+8867 | Maintenance and repair of road transport equipment | 7 | 20 | 105,875 | Minimize government procurement impact |
| Note: Classification based on the Universal List of Services, as contained in document MTN.GNS/W/120. | | | | | |

Annex A: GPA Member Offers in Services under Annex 4

| CPC | Sector and Sub-Sector | CANADA | UNITED STATES | EUROPEAN UNION | HONG KONG, CHINA | ICELAND | ISRAEL | JAPAN | KOREA | LIECHTENSTEIN | ARUBA | NORWAY | SINGAPORE | SWITZERLAND |
|-------------------|--|--------|---------------|----------------|------------------|---------|--------|-------|-------|---------------|-------|--------|-----------|-------------|
| | 1. BUSINESS SERVICES | | | | | | | | | | | | | |
| | A. Professional Services | | | | | | | | | | | | | |
| 861 | a. Legal Services | | | | | | | | | | | | | |
| 862 | b. Accounting, auditing and bookkeeping services | | | | | | | | | | | | | |
| 863 | c. Taxation Services | | | | | | | | | | | | | |
| 8671 | d. Architectural services | | | | | | | | | | | | | |
| 8672 | e. Engineering services | | | | | | | | | | | | | |
| 8673 | f. Integrated engineering services | | | | | | | | | | | | | |
| 8674 | g. Urban planning and landscape architectural services | | | | | | | | | | | | | |
| 9312 | h. Medical and dental services | | | | | | | | | | | | | |
| 932 | i. Veterinary services | | | | | | | | | | | | | |
| 93191 | j. Services provided by midwives, para-medical personnel | | | | | | | | | | | | | |
| | B. Computer and Related Services | | | | | | | | | | | | | |
| 841 | a. Consultancy services related to installation of computer hardware | | | | | | | | | | | | | |
| 842 | b. Software implementation services | | | | | | | | | | | | | |
| 843 | c. Data processing services | | | | | | | | | | | | | |
| 844 | d. Data base services | | | | | | | | | | | | | |
| 845+849 | e. Other | | | | | | | | | | | | | |
| | C. Research and Development Services | | | | | | | | | | | | | |
| 851 | a. R&D services on natural sciences | | | | | | | | | | | | | |
| 852 | b. R&D services on social sciences and humanities | | | | | | | | | | | | | |
| 853 | c. Interdisciplinary R&D services | | | | | | | | | | | | | |
| | D. Real Estate Services | | | | | | | | | | | | | |
| 821 | a. Involving own or leased property | | | | | | | | | | | | | |
| 822 | b. On a fee or contract basis | | | | | | | | | | | | | |
| | E. Rental/Leasing Services without Operators | | | | | | | | | | | | | |
| 83103 | a. Relating to ships | | | | | | | | | | | | | |
| 83104 | b. Relating to aircraft | | | | | | | | | | | | | |
| 83101+83102+83105 | c. Relating to other transport equipment | | | | | | | | | | | | | |
| 83106-83109 | d. Relating to other machinery and equipment | | | | | | | | | | | | | |
| 832 | e. Other | | | | | | | | | | | | | |

| CPC | Sector and Sub-Sector | CANADA | UNITED STATES | EUROPEAN UNION | HONG KONG, CHINA | ICELAND | ISRAEL | JAPAN | KOREA | LIECHTENSTEIN | ARUBA | NORWAY | SINGAPORE | SWITZERLAND |
|---------------|---|--------|---------------|----------------|------------------|---------|--------|-------|-------|---------------|-------|--------|-----------|-------------|
| | F. Other Business Services | | | | | | | | | | | | | |
| 871 | a. Advertising services | | | | | | | | | | | | | |
| 864 | b. Market research and public opinion polling services | | | | | | | | | | | | | |
| 865 | c. Management consulting services | | | | | | | | | | | | | |
| 866 | d. Services related to man. consulting | | | | | | | | | | | | | |
| 8676 | e. Technical testing and analysis serv. | | | | | | | | | | | | | |
| 881 | f. Services incidental to agriculture, hunting and forestry | | | | | | | | | | | | | |
| 882 | g. Services incidental to fishing | | | | | | | | | | | | | |
| 883+5115 | h. Services incidental to mining | | | | | | | | | | | | | |
| 884+885 | i. Services incidental to manufacturing | | | | | | | | | | | | | |
| 887 | j. Services incidental to energy distribution | | | | | | | | | | | | | |
| 872 | k. Placement and supply services of Personnel | | | | | | | | | | | | | |
| 873 | l. Investigation and security | | | | | | | | | | | | | |
| 8675 | m. Related scientific and technical consulting services | | | | | | | | | | | | | |
| 633+8861-8866 | n. Maintenance and repair of equipment | | | | | | | | | | | | | |
| 874 | o. Building-cleaning services | | | | | | | | | | | | | |
| 875 | p. Photographic services | | | | | | | | | | | | | |
| 876 | q. Packaging services | | | | | | | | | | | | | |
| 88442 | r. Printing, publishing | | | | | | | | | | | | | |
| 87909* | s. Convention services | | | | | | | | | | | | | |
| | 2. COMMUNICATION SERVICES | | | | | | | | | | | | | |
| 7511 | A. Postal services | | | | | | | | | | | | | |
| 7512 | B. Courier services | | | | | | | | | | | | | |
| | C. Telecommunication services | | | | | | | | | | | | | |
| 7521 | a. Voice telephone services | | | | | | | | | | | | | |
| 7523** | b. Packet-switched data transmission services | | | | | | | | | | | | | |
| 7523** | c. Circuit-switched data transmission services | | | | | | | | | | | | | |
| 7523** | d. Telex services | | | | | | | | | | | | | |
| 7522 | e. Telegraph services | | | | | | | | | | | | | |
| 7521**+7529** | f. Facsimile services | | | | | | | | | | | | | |
| 7522**+7523** | g. Private leased circuit services | | | | | | | | | | | | | |
| 7523** | h. Electronic mail | | | | | | | | | | | | | |
| 7523** | i. Voice mail | | | | | | | | | | | | | |
| 7523** | j. On-line information and data base retrieval | | | | | | | | | | | | | |

| CPC | Sector and Sub-Sector | CANADA | UNITED STATES | EUROPEAN UNION | HONG KONG, CHINA | ICELAND | ISRAEL | JAPAN | KOREA | LIECHTENSTEIN | ARUBA | NORWAY | SINGAPORE | SWITZERLAND |
|----------------|--|--------|---------------|----------------|------------------|---------|--------|-------|-------|---------------|-------|--------|-----------|-------------|
| 7523** | k. electronic data interchange (EDI) | | | | | | | | | | | | | |
| 7523** | l. enhanced/value-added facsimile services | | | | | | | | | | | | | |
| n.a. | m. code and protocol conversion | | | | | | | | | | | | | |
| 843*** | n. on-line information and/or data processing | | | | | | | | | | | | | |
| | D. Audiovisual services | | | | | | | | | | | | | |
| 9611 | a. Motion picture and video tape production | | | | | | | | | | | | | |
| 9612 | b. Motion picture projection service | | | | | | | | | | | | | |
| 9613 | c. Radio and television services | | | | | | | | | | | | | |
| 7524 | d. Radio and television transmission services | | | | | | | | | | | | | |
| See Annex 5 | 3. CONSTRUCTION AND ENGINEERING SERVICES | | | | | | | | | | | | | |
| | 4. DISTRIBUTION SERVICES | | | | | | | | | | | | | |
| 621 | A. Commission agents' services | | | | | | | | | | | | | |
| 622 | B. Wholesale trade services | | | | | | | | | | | | | |
| 631+632 | C. Retailing services | | | | | | | | | | | | | |
| 6111+6113+6121 | | | | | | | | | | | | | | |
| 8929 | D. Franchising | | | | | | | | | | | | | |
| | 5. EDUCATIONAL SERVICES | | | | | | | | | | | | | |
| 921 | A. Primary education services | | | | | | | | | | | | | |
| 922 | B. Secondary education services | | | | | | | | | | | | | |
| 923 | C. Higher education services | | | | | | | | | | | | | |
| 924 | D. Adult education | | | | | | | | | | | | | |
| 929 | E. Other education services | | | | | | | | | | | | | |
| | 6. ENVIRONMENTAL SERVICES | | | | | | | | | | | | | |
| 9401 | A. Sewage services | | | | | | | | | | | | | |
| 9402 | B. Refuse disposal services | | | | | | | | | | | | | |
| 9403 | C. Sanitation and similar services | | | | | | | | | | | | | |
| | 7. FINANCIAL SERVICES | | | | | | | | | | | | | |
| 812** | A. All insurance and insurance-related services | | | | | | | | | | | | | |
| 8121 | a. Life, accident and health insurance services | | | | | | | | | | | | | |
| 8129 | b. Non-life insurance services | | | | | | | | | | | | | |
| 81299* | c. Reinsurance and retrocession | | | | | | | | | | | | | |
| 8140 | d. Services auxiliary to insurance | | | | | | | | | | | | | |
| | B. Banking and other financial services | | | | | | | | | | | | | |
| 81115-81119 | a. Acceptance of deposits | | | | | | | | | | | | | |

| CPC | Sector and Sub-Sector | CANADA | UNITED STATES | EUROPEAN UNION | HONG KONG, CHINA | ICELAND | ISRAEL | JAPAN | KOREA | LIECHTENSTEIN | ARUBA | NORWAY | SINGAPORE | SWITZERLAND |
|-------------------|--|--------|---------------|----------------|------------------|---------|--------|-------|-------|---------------|-------|--------|-----------|-------------|
| 8113 | b. Lending of all types | | | | | | | | | | | | | |
| 8112 | c. Financial leasing | | | | | | | | | | | | | |
| 81339** | d. All payment and money transmission services | | | | | | | | | | | | | |
| 81199** | e. Guarantees and commitments | | | | | | | | | | | | | |
| 81339** | h. Money broking | | | | | | | | | | | | | |
| 8119+**81323* | i. Asset management | | | | | | | | | | | | | |
| 81339**or 81319** | j. Settlement and clearing services for financial assets | | | | | | | | | | | | | |
| 8131or 8133 | k. Advisory and other auxiliary financial services | | | | | | | | | | | | | |
| 8131 | l. Provision and transfer of financial information | | | | | | | | | | | | | |
| | 8. HEALTH RELATED AND SOCIAL SERVICES | | | | | | | | | | | | | |
| 9311 | A. Hospital services | | | | | | | | | | | | | |
| 9319 | B. Other Human Health Services | | | | | | | | | | | | | |
| 933 | C. Social Services | | | | | | | | | | | | | |
| | 9. TOURISM AND TRAVEL RELATED SERVICES | | | | | | | | | | | | | |
| 641-643 | A. Hotels and restaurants (incl. catering) | | | | | | | | | | | | | |
| 7471 | B. Travel agencies and tour operators services | | | | | | | | | | | | | |
| 7472 | C. Tourist guides services | | | | | | | | | | | | | |
| | 10. RECREATIONAL, CULTURAL SERVICES | | | | | | | | | | | | | |
| 9619 | A Entertainment services | | | | | | | | | | | | | |
| 962 | B News agency services | | | | | | | | | | | | | |
| 963 | C Libraries, archives, museums and others | | | | | | | | | | | | | |
| 964 | D Sporting and other recreational services | | | | | | | | | | | | | |
| | 11. TRANSPORT SERVICES | | | | | | | | | | | | | |
| | A. Maritime Transport Services | | | | | | | | | | | | | |
| 7211 | a. Passenger transportation | | | | | | | | | | | | | |
| 7212 | b. Freight transportation | | | | | | | | | | | | | |
| 7213 | c. Rental of vessels with crew | | | | | | | | | | | | | |
| 8868** | d. Maintenance and repair of vessels | | | | | | | | | | | | | |
| 7214 | e. Pushing and towing services | | | | | | | | | | | | | |
| 745** | f. Supporting services for maritime transport | | | | | | | | | | | | | |
| | B. Internal Waterways Transport | | | | | | | | | | | | | |
| 7221 | a. Passenger transportation | | | | | | | | | | | | | |
| 7222 | b. Freight transportation | | | | | | | | | | | | | |
| 7223 | c. Rental of vessels with crew | | | | | | | | | | | | | |

| CPC | Sector and Sub-Sector | CANADA | UNITED STATES | EUROPEAN UNION | HONG KONG, CHINA | ICELAND | ISRAEL | JAPAN | KOREA | LIECHTENSTEIN | ARUBA | NORWAY | SINGAPORE | SWITZERLAND |
|-----------|--|--------|---------------|----------------|------------------|---------|--------|-------|-------|---------------|-------|--------|-----------|-------------|
| 8868** | d. Maintenance and repair of vessels | | | | | | | | | | | | | |
| 7224 | e. Pushing and towing services | | | | | | | | | | | | | |
| 745** | f. Supporting services for internal waterway transport | | | | | | | | | | | | | |
| | C. Air Transport Services | | | | | | | | | | | | | |
| 731 | a. Passenger transportation | | | | | | | | | | | | | |
| 732 | b. Freight transportation | | | | | | | | | | | | | |
| 734 | c. Rental of aircraft with crew | | | | | | | | | | | | | |
| 8868** | d. Maintenance and repair of aircraft | | | | | | | | | | | | | |
| 746 | e. Supporting services for air transport | | | | | | | | | | | | | |
| 733 | D. Space Transport | | | | | | | | | | | | | |
| | E. Rail Transport Services | | | | | | | | | | | | | |
| 7111 | a. Passenger transportation | | | | | | | | | | | | | |
| 7112 | b. Freight transportation | | | | | | | | | | | | | |
| 7113 | c. Pushing and towing services | | | | | | | | | | | | | |
| 8868** | d. Maintenance and repair of rail transport equipment | | | | | | | | | | | | | |
| 743 | e. Supporting services for rail transport services | | | | | | | | | | | | | |
| | F. Road Transport Services | | | | | | | | | | | | | |
| 7121+7122 | a. Passenger transportation | | | | | | | | | | | | | |
| 7123 | b. Freight transportation | | | | | | | | | | | | | |
| 7124 | c. Rental of commercial vehicles with operator | | | | | | | | | | | | | |
| 6112+8867 | d. Maintenance and repair of road transport equipment | | | | | | | | | | | | | |
| 744 | e. Supporting services for road transport services | | | | | | | | | | | | | |
| | G. Pipeline Transport | | | | | | | | | | | | | |
| 7131 | a. Transportation of fuels | | | | | | | | | | | | | |
| 7139 | b. Transportation of other goods | | | | | | | | | | | | | |
| | H. Services auxiliary to all modes of transport | | | | | | | | | | | | | |
| 741 | a. Cargo-handling services | | | | | | | | | | | | | |
| 742 | b. Storage and warehouse services | | | | | | | | | | | | | |
| 748 | c. Freight transport agency services | | | | | | | | | | | | | |

Note 1: All members except the United States present a positive list of services included in their offer. The United States presents a negative list of services excluded from their offer.

Note 2: Services sector classification list based on Central Product Classification (CPC) from World Trade Organization (WTO) document MTN.GNS/W/120.

Annex B: Illustrative Draft Offer for Jordan¹²

ANNEX 1

Central Government Entities which Procure in Accordance with the Provisions of this Agreement

Supplies Threshold: 130,000 SDR

Services (specified in Annex 4) Threshold: 130,000 SDR

Construction Services (specified in Annex 5) Threshold: 8,500,000 SDR¹³

List of Entities:

- Ministry of Justice
- Ministry of Health
- Ministry of Foreign Affairs
- Ministry of Industry and Trade
- Ministry of Planning
- Ministry of Municipal and Rural Affairs and the Environment
- Ministry of Information
- Ministry of Youth
- Ministry of Tourism and Antiquities
- Ministry of Finance
- Ministry of Awqaf Islamic Affairs and Holy Places
- Energy and Mineral Resources Ministry
- Ministry of Culture
- Ministry of Agriculture
- Ministry of Public Works and Housing
- Ministry of Education
- Ministry of Labor
- Ministry of Social Development
- Ministry of Water and Irrigation
- Ministry of Post and Telecommunication
- Ministry of Transport

Notes to Annex 1

The General Notes apply to this Annex.

¹² Highlighted text indicates that the item indicated is subject to negotiations with the GPA member countries. The coverage is limited to Appendix I. The remaining three (shorter) appendices contain the list of publications of Specifies the publications used by Jordan and other signatories for notices of intended procurements (Appendix II), qualified suppliers in the case of selective tendering procedures (Appendix III), and laws, regulations, judicial decisions, administrative rulings of general application and any procedure regarding government procurement covered by this Agreement (Appendix IV).

¹³ Range for existing GPA member countries: 4,500,000 SDR to 8,500,000 SDR.

ANNEX 2**Sub-Central Government Entities which Procure in Accordance with the Provisions of this Agreement**

| | | |
|---|------------|-----------------------------|
| Supplies | Threshold: | 355,000 SDR ¹⁴ |
| Services (specified in Annex 4) | Threshold: | 355,000 SDR ¹⁵ |
| Construction Services (specified in Annex 5) | Threshold: | 8,500,000 SDR ¹⁶ |

List of Entities:

Municipalities (204 in number)

Village (142) and common service (170) councils

Notes to Annex 2

1. The General Notes apply to this Annex.
2. Nothing in this offer shall be construed to prevent any provincial entity from applying restrictions that promote the general environmental quality in that province, as long as such restrictions are not disguised barriers to international trade.¹⁷
3. Province-specific exceptions: in addition, a limited number of individual provincial exceptions may be specified at a later date in accordance with commitments received from such provinces.¹⁸

(Continued)

¹⁴ Range for existing GPA member countries: 200,000 SDR to 200,000 SDR.

¹⁵ Range for existing GPA member countries: 200,000 SDR to 200,000 SDR.

¹⁶ Range for existing GPA member countries: 5,000,000 SDR to 15,500,000 SDR.

¹⁷ Included in the Notes to Annex 2 of Singapore.

¹⁸ Included in the Notes to Annex 2 of Singapore.

ANNEX 3**All Other Entities which Procure in Accordance with the Provisions of this Agreement**

Supplies Threshold: 450,000 SDR ¹⁹

Services (specified in Annex 4) Threshold: 450,000 SDR ²⁰

Construction Services (specified in Annex 5) Threshold: 8,500,000 SDR ²¹

List of Entities:

- The Central Bank of Jordan
- Hedjaz Jordan Railway
- Social Security Corporation
- Telecommunications Regulatory Commission
- Jordan's Securities Commission
- Postal Saving Fund
- Institute of Public Administration.

Notes to Annex 3

The General Notes apply to this Annex.

(Continued)

¹⁹ Range for existing GPA member countries: 130,000 SDR to 450,000 SDR.

²⁰ Range for existing GPA member countries: 130,000 SDR to 450,000 SDR.

²¹ Range for existing GPA member countries: 5,000,000 SDR to 15,500,000 SDR.

ANNEX 4**Services**

Of the Universal List of Services, as contained in document MTN.GNS/W/120, the following services are included (others being excluded), subject to the Notes to this Annex and the General Notes.

| CPC | Description |
|---------------|---|
| 862 | Accounting, auditing and bookkeeping services |
| 863 | Taxation Services |
| 822 | On a fee or contract basis |
| 83106-83109 | Relating to other machinery and equipment |
| 832 | Other |
| 871 | Advertising services |
| 864 | Market research and public opinion polling services |
| 865 | Management consulting services |
| 866 | Services related to maconsulting |
| 873 | Investigation and security |
| 633+8861-8866 | Maintenance and repair of equipment |
| 874 | Building-cleaning services |
| 7512 | Courier services |
| 7523** | Electronic mail |
| 8121 | Life, accident and health insurance services |
| 8129 | Non-life insurance services |
| 81299* | Reinsurance and retrocession |
| 8140 | Services auxiliary to insurance |
| 7211 | Passenger transportation |
| 7212 | Freight transportation |
| 7221 | Passenger transportation |
| 7222 | Freight transportation |
| 731 | Passenger transportation |
| 732 | Freight transportation |
| 734 | Rental of aircraft with crew |
| 7111 | Passenger transportation |
| 7112 | Freight transportation |

Note to Annex 4

1. The General Notes apply to this Annex.
2. The Agreement shall not apply to service contracts awarded to an entity which is itself a procuring entity listed in Annex 1 or 2 on the basis of an exclusive right which it enjoys pursuant to a published law, regulation or administrative provision.²²
3. This Agreement shall not apply to the following:^{23 24 25}

²² Included in the Notes to Annex 4 of Liechtenstein.

²³ Included in General Notes of Norway.

²⁴ Included in the General Notes of Iceland.

²⁵ Included in the Notes to Annex 4 of Liechtenstein.

- (a) service contracts which a contracting entity awards to an affiliated undertaking or which are awarded by a joint venture formed by a number of contracting entities for the purpose of carrying out an activity within the meaning of Annex 3 or to an undertaking which is affiliated with one of these contracting entities. At least 80 per cent of the average turnover of that undertaking for the preceding three years has to derive from the provision of such services to undertakings with which it is affiliated. Where more than one undertaking affiliated with the contracting entity provides the same service, the total turnover deriving from the provision of services by those undertakings shall be taken into account.
- (b) contracts for the acquisition or rental, by whatever means, of land, existing buildings, or other immovable property or concerning rights thereon.
- (c) to contracts of employment.
- (d) for the acquisition, development, production or co-production of programme material by broadcasters and contracts for broadcasting time.

5. The following items are excluded:^{26 27 28}

- a. Within telecommunication services: voice telephony, telex, radiotelephony, paging and satellite services.
- b. Within banking and investments services of the financial services category: contracts for financial services in connection with the issue, sale, purchase or transfer of securities or other financial instruments, and central bank services.
- c. Within management consulting services and related services: arbitration and conciliation services.

5. In architectural, engineering and other technical services related to construction services, the following services are excluded when procured independently:²⁹

- Final design services of CPC 86712 Architectural design services;
- CPC 86713 Contract administration services;
- Design services consisting of one or a combination of final plans, specifications and cost estimates of either CPC 86722 Engineering design services for the construction of foundations and building structures, or CPC 86723 Engineering design services for mechanical and electrical installations for buildings, or CPC 86724 Engineering design services for the construction of civil engineering works; and
- CPC 86727 Other engineering services during the construction and installation phase.

6. Publishing and printing services are not included with respect to materials containing confidential information.³⁰

(Continued)

²⁶ Included in Notes to Annex 4 of the European Union.

²⁷ Included in Notes to Annex 4 of Iceland.

²⁸ Included in Notes to Annex 4 of Norway.

²⁹ Included in Notes to Annex 4 of Japan.

³⁰ Included in Notes to Annex 4 of Japan.

ANNEX 5**Construction Services***Definition:*

A construction services contract is a contract which has as its objective the realization by whatever means of civil or building works, in the sense of Division 51 of the Central Product Classification.

Threshold: 5,000,000 SDR for entities set out in Annex 1
 15,000,000 SDR for entities set out in Annex 2
 15,000,000 SDR for entities set out in Annex 3

List of construction services offered:

| <i>CPC</i> | <i>Description</i> |
|------------|---|
| 511 | Pre-erection work at construction sites |
| 512 | Construction work for buildings |
| 513 | Construction work for civil engineering |
| 514 | Assembly and erection of prefabricated construction |
| 515 | Special trade construction work |
| 516 | Installation work |
| 517 | Building completion and finishing work |

Note to Annex 5

The conditions specified in the General Notes apply to this Annex.

(Continued)

GENERAL NOTES

1. Procurement in terms of Jordanian coverage is defined as contractual transactions to acquire property or services for the direct benefit or use of the government. The procurement process is the process that begins after an entity has decided on its requirement and continues through to and including contract award. It does not include non-contractual agreements or any form of government assistance, including but not limited to, cooperative agreements, grants, loans, equity infusions, guarantees, fiscal incentives, and government provision of goods and services, given to individuals, firms, private institutions, and sub-central governments. It does not include procurements made with a view to commercial resale or made by one entity or enterprise from another entity or enterprise of Jordan.³¹
2. Any exclusion that is related either specifically or generally to Federal or sub-central entities or enterprises in Annex 1, Annex 2 or Annex 3 will also apply to any successor entity or entities, enterprise or enterprises, in such a manner as to maintain the value of this offer.³²
3. Where a contract to be awarded by an entity is not covered by this Agreement, this Agreement shall not be construed to cover any good or service component of that contract.³³
4. The Agreement shall not apply to contracts awarded under:^{34 35 36 37 38}
 - an international agreement and intended for the joint implementation or exploitation of a project by the signatory States;
 - the particular procedure of an international organization.
5. This Agreement does not apply to procurement subject to secrecy or other particular restrictions with regard to the safety of the realm.³⁹
6. When a specific procurement may impair important national policy objectives, the Jordanian Government may consider it necessary in singular procurement cases to deviate from the principle of national treatment in the Agreement. A decision to this effect will be taken at the Jordanian Cabinet level.^{40 41}
7. The provision of services, including construction services, in the context of procurement procedures according to this Agreement is subject to the conditions and qualifications for

³¹ Included in the General Notes of Canada.

³² Included in the General Notes of Canada.

³³ Included in General Notes of the United States, Canada, Singapore, Norway, Korea and Liechtenstein.

³⁴ Included in General Notes of Norway.

³⁵ Included in the General Notes of Liechtenstein.

³⁶ Included in the General Notes of Iceland.

³⁷ Included in the General Notes of the European Union.

³⁸ Included in the General Notes of Canada.

³⁹ Included in General Notes of Norway.

⁴⁰ Included in General Notes of Norway.

⁴¹ Included in the General Notes of the European Union.

market access and national treatment as will be required by Jordan in conformity with its commitments under the GATS.⁴²

8. The Agreement shall not apply to contracts awarded for purposes of re-sale or hire to third parties, provided that the contracting entity enjoys no special or exclusive right to sell or hire the subject of such contracts and other entities are free to sell or hire it under the same conditions as the contracting entity.^{43 44 45}
9. The Agreement shall not apply to contracts for the purchase of water and for the supply of energy and of fuels for the production of energy.⁴⁶
10. The Agreement shall not apply to the acquisition or rental of land, buildings or other immovable property, or concerning rights thereon.⁴⁷
11. Jordan will not extend the benefits of this Agreement:^{48 49 50 51}
 - as regards the award of contracts by entities listed in Annex 2 to the suppliers and service providers of Jordan;
 - as regards the award of contracts, other than for supplies, listed in Annex 2 to the suppliers and service providers of the USA;
 - as regards the award of contracts by entities listed in Annex 3 paragraph
 - (a) (electricity), to the suppliers and service providers of Canada, Singapore and Japan;
 - (b) (urban transport), to the suppliers and service providers of Canada, Israel, Japan, Korea and the USA;
 - (c) (airports), to the suppliers and service providers of Canada, Korea and the USA;
 - (d) (ports), to the suppliers and service providers of Canada;
 - (e) (water), to the suppliers and service providers of Canada and the USA

until such time as Jordan has accepted that the Parties concerned give comparable and effective access for Jordanian undertakings to the relevant markets; to service providers of Parties which do not include the relevant service contracts for the relevant entities in Annexes 1 to 3 and the relevant service category under Annexes 4 and 5 in their own coverage.
12. The provisions of Article XX shall not apply to suppliers and service providers of:^{52 53 54 55}
 - Israel, Japan, Korea and Switzerland in contesting the award of contracts by entities listed under Annex 2, paragraph 2, until such time as Jordan accepts that they have completed coverage of sub-central entities;

⁴² Included in the General Notes of the European Union, Liechtenstein, Japan, Norway, Korea, Israel, and Singapore.

⁴³ Included in the General Notes of Israel.

⁴⁴ Included in the Notes to Annex 1 of Japan.

⁴⁵ Included in the Notes to Annex 1 of Korea.

⁴⁶ Included in the General Notes of Israel.

⁴⁷ Included in the General Notes of Israel.

⁴⁸ Included in General Notes of Norway.

⁴⁹ Included in the General Notes of Liechtenstein.

⁵⁰ Included in the General Notes of Iceland.

⁵¹ Included in the General Notes of the European Union.

⁵² Included in General Notes of Norway.

⁵³ Included in the General Notes of Liechtenstein.

⁵⁴ Included in the General Notes of Iceland.

⁵⁵ Included in the General Notes of the European Union.

- Japan, Korea and the USA in contesting the award of contracts to a supplier or service provider of Parties other than those mentioned, which are small or medium-sized enterprises under the relevant provisions in Jordan, until such time as Jordan accepts that they no longer operate discriminatory measures in favor of certain domestic small and minority businesses;
 - Israel, Japan and Korea in contesting the award of contracts by Jordanian entities, whose value is less than the threshold applied for the same category of contracts awarded by these Parties.
13. Until such time as Jordan has accepted that the Parties concerned provide access for Jordanian suppliers and service providers to their own markets, Jordan will not extend the benefits of this Agreement to suppliers and service providers of:^{56 57 58 59 60}
- Canada as regards procurement of FSC 36, 70 and 74 (special industry machinery; general purpose automatic data processing equipment, software, supplies and support equipment (except 7010 ADPE configurations); office machines, visible record equipment and ADP equipment);
 - Canada as regards procurement of FSC 58 (communications, protection and coherent radiation equipment) and the USA as regards air traffic control equipment.
 - Israel and Korea as regards procurement by entities listed in Annex 3, paragraph 1, as regards procurement of HS Nos 8504, 8535, 8537 and 8544 (electrical transformers, plugs, switches and insulated cables); and for Israel, HS Nos 8501, 8536 and 902830;
 - Canada and the USA as regards contracts for good or service components of contracts which, although awarded by an entity covered by this Agreement, are not themselves subject to this Agreement.
14. Contracts awarded by entities in Annexes 1 and 2 in connection with activities in the fields of drinking water, energy, transport or telecommunications, are not included.^{61 62 63 64}
15. The Agreement shall not apply to procurement of agricultural products made in furtherance of agricultural support programs and human feeding programs.^{65 66 67 68}
16. Notwithstanding anything in the Annexes 1-5, the Agreement shall not apply to:⁶⁹
- All consultancy and franchise arrangements
 - Transportation of mail by air
 - Statutory insurances including third party liability in respect of vehicles and vessels and employer's liability insurance in respect of employees
 - Purchase of office or residential accommodation by the Government

⁵⁶ Included in General Notes of Norway.

⁵⁷ Included in the General Notes of Liechtenstein.

⁵⁸ Included in the General Notes of Iceland.

⁵⁹ Included in the General Notes of the European Union.

⁶⁰ Included in the General Notes of Canada.

⁶¹ Included in General Notes of Norway.

⁶² Included in the General Notes of Iceland.

⁶³ Included in the General Notes of the European Union.

⁶⁴ Included in the General Notes of Canada.

⁶⁵ Included in General Notes of Norway.

⁶⁶ Included in the General Notes of Liechtenstein.

⁶⁷ Included in the General Notes of Iceland.

⁶⁸ Included in the General Notes of the European Union.

⁶⁹ Included in the General Notes of Hong Kong, China

17. For construction services of the Republic of Korea and suppliers of such services, this Agreement applies only to procurement of the entities listed in Annexes 2 and 3 above a threshold of 15 million SDRs.⁷⁰
18. Notwithstanding anything in these Annexes, the Agreement does not apply to procurements in respect of:⁷¹
- (a) shipbuilding and repair;
 - (b) urban rail and urban transportation equipment, systems, components and materials incorporated therein as well as all project related materials of iron or steel;
 - (c) contracts respecting FSC 58 (communications, detection and coherent radiation equipment);
 - (d) set-asides for small and minority businesses;
 - (e) agricultural products made in furtherance of agricultural support programs or human feeding programs; and
 - (f) national security exemptions include oil purchases related to any strategic reserve requirements.

⁷⁰ Included in General Notes of the United States.

⁷¹ Included in the General Notes of Canada.

Offset⁷²

1. Having regard to Article XVI and to general policy considerations regarding development, Jordan may operate provisions which require the limited incorporation of domestic content, offset procurement or transfer of technology, in the form of objective and clearly defined conditions for participation in procedures for the award of contracts, which do not discriminate between the Parties.

This shall be done under the following conditions:

- (a) Jordan shall ensure that its entities indicate the existence of such conditions in their tender notices and specify them clearly in the contract documents.
 - (b) Suppliers will not be required to purchase goods that are not offered on competitive terms, including price and quality, or to take any action which is not justified from a commercial standpoint.
 - (c) Offsets in any form may be required up to 35 percent of the contract going down to 30 percent after five years and 20 percent after nine years, beginning from the date Jordan implements the Agreement.
2. (a) At the end of each period of five and four years Jordan will submit a report concerning the implementation of this Note.
 - (b) When the level of the offset has reached 20 percent, Jordan will consult with the Parties to this Agreement on the level of the use of offset by Jordan. The review shall take into consideration *inter alia* general and economic developments in Jordan, its trade balance, the actual performance within the framework of this Agreement and the views of the other Parties.

⁷² Included in the General Notes of Israel.

3. References

- Access to Microfinance and Improved Implementation of Policy (AMIR, 2001), “Economic Implications for Jordan of Joining the WTO Government Procurement Agreement. Deliverable for Policy Component, Task No. 4.4.60. Government Procurement Negotiations Support.
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